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CEO's Note

Mounting challenges continue to disrupt the dynamic fresh fruit industry, which impacts its critical role as a key economic contributor to overall agricultural GDP. However, the industry continues to steadily grow its production volumes.

In the 2022/23 season the industry produced more than 6.3 million tonnes of fruit. And as the largest southern hemisphere fruit exporter by volume (excluding mangoes and litchis), the industry also supplies nearly 325 000 jobs.

Market access is an important strategic focus area that helps drive relationship building in key destination markets. Therefore, it's heartening when notable progress is made, like establishment of the bilateral protocol between South Africa and Vietnam (paving the way for South African oranges into this market), avocados gaining access to Japan, and blueberries to Canada. At the time of writing, industry representatives had just returned from the Fresh Produce India expo, held in Mumbai. In recent years India approved in-transit cold treatment of South African pome fruit, which holds great promise for increased export of fresh fruit to this South-East Asian destination market where the fresh fruit industry currently has a relatively small share.

Fruit SA remains an active participant in sustainability initiatives that make sense, and that demonstrate a holistic approach. As a founder member of the Alliance for Sustainable Packaging for Foods (ASPF), in March we shared an important [update](#) by the organisation commending the European Commission Joint Research Centre for its science- and data-driven approach to analysis of reusable and single-use packaging for certain consumer uses. However, the ASPF expressed concern around "omitted considerations of food loss and waste". Importantly, they drew attention to the fact that the overall "environmental footprint of lost or wasted food due to inadequate packaging can be greater than the impact of packaging itself".

Lastly, [Durban Port](#) has reported timeous acquisition of new fully-assembled haulers, making for improved efficiency in time for the start of the citrus season.

MARKET ACCESS

The global economy, trade, supply chain, and consumption all have significant ramifications for the fresh fruit industry of South Africa. But so do population growth, climatic disruptions, and geopolitical events like the Russia-Ukraine war, among others. These have seen food insecurity concerns extend even beyond developing economies where the lion's share of household incomes is spent on food, to developed economies.

Last year, "South Africa's economy narrowly escaped a technical recession in the fourth quarter of 2023", notes the Bureau for Food and Agricultural Policy (BFAP) in their latest report, with a mere 0.6% expansion (in real terms). But the unexpected 12.2% contraction in agriculture GDP was because of sharp increases in farm costs rather than declines in farm income, states the report.

Through increased market access the fruit industry can help accelerate economic growth in South Africa, but not without meaningful partnerships.

Industry delegation visits India



Pictured above: Meeting of the Fruit SA delegation at the Indian Ministry of Agriculture and Farmers Welfare

Coinciding with its attendance of the Fresh Produce India expo in March, a fruit industry delegation had also scheduled key engagements with the Indian Ministry of Agriculture and Farmers Welfare, the Ministry of Commerce, as well as importers.

Discussions centred mainly around the conclusion of market access for avocados and improved access for citrus, reduction of tariffs on fruit exports to India, resolution of issues of exchanges in agriculture research and technology development so that farmers can benefit from production innovations, and greater capacity in South Africa to expedite market access negotiations.

South African fruit continues to be favoured by consumers in India, owing to its unmatched flavour and colour. We look forward to increased market share in the Indian fruit market.

Logistics and overall efficiency

When a state-owned enterprise the size of Transnet sneezes, the rest of South Africa certainly catches the cold.

Last year Prof Jan Havenga (GAIN Director) commented on the Transnet loss of R5.7 billion, highlighting the resultant cost to South Africa of R1 billion in daily output. He said that the calculated impact constituted export goods that didn't manage to leave our shores, plus exorbitant transport costs, and lacking infrastructure.

At the recent International Fresh Produce Association South Africa Fresh Solutions seminar Antoinette van Heerden (FPEF Logistical Affairs Manager) emphasised the need for continued focussed monitoring and planning regarding port operations. Port setbacks have necessitated trucking of fruit to alternative ports, adding extreme financial strain to growers and undue pressure on trucking operators.

The export oriented fresh fruit industry of South Africa continues to collaborate closely with Transnet for the efficient shipping of over 4 million tonnes of fruit to targeted international markets. And the industry is heartened by important developments at senior management level, but remains cautiously optimistic about the future.

Trade agreements

Though South Africa is the leading southern hemisphere fruit exporter (by volume), a lagging tempo in initiating and finalising favourable trade agreements is hindering seamless trade, especially with Asia.

CGA CEO Justin Chadwick told [Freight News](#) that while import duties on South African fruit remain high in India, competitors are negotiating free or preferential trade agreements. He cautions that tardiness in addressing the matter will continue to hamper South Africa's competitive edge.

Favourable trade agreements are the gateway to greater market share for South African fresh produce. Therefore, the fruit industry relies heavily on negotiations by the South African government, with leaders in targeted markets – globally, as well as on the African continent.

For a list of the main trade agreements between South Africa, and the rest of Africa and other continents around the world, visit the [Department of Trade, Industry and Competition website](#).

Intra-African trade



Pictured above: Ghanaian President Nana Akufo-Addo (left) and President Cyril Ramaphosa at the South Africa-Ghana Business Forum. **Picture source:** @GovernmentZA

Africa remains a largely untapped market when it comes to intra-continental fruit trade.

Fruit SA attended the South Africa-Ghana Business Forum at Gallagher Convention Centre in March where prevailing barriers to trade were among the main topics of discussion. The long history shared by South Africa and Ghana “provides a firm foundation to forge closer economic ties that can spur growth and development in both countries,” said President Cyril Ramaphosa.

The goal of the business forum was to explore business opportunities that enhance bilateral economic relations between the two countries. In fact, the maiden Transnet shipment of South African products in January under the African Continental Free Trade Area (AfCFTA) agreement, was destined for Ghana.

Ramaphosa confirmed that South Africa is the largest purchaser of Ghanaian exports in Africa, and the third largest importer of Ghanaian products globally. The two countries are also in a strategic position, he says, to benefit from the rapid growth of key clean energy manufacturing industries.

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